

CARBON
TRANSITION

Q2 2021 Earnings Release



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CARBON TRANSITION ASA

CEO STATEMENT

“This quarter marked the completion of the restructuring and a new chapter in the transformation of the Company. Following the approval of the reconstruction proposal and the private placement in late April, the Company announced its new strategic direction. The “new” company, Carbon Transition ASA, will have a focus on investing in businesses and technologies which will contribute to the reduction of carbon emissions. We think there is a unique opportunity to invest in several companies which have the potential to become long term winners in the energy transition space. Through a unique access to deal flow and careful selection, Carbon Transition ASA expects to generate substantial and tangible shareholder values.

Subsequently we made our first investment in the carbon transition space in early July. The Company invested NOK 30 million into a convertible loan in Arbaflame AS. Arbaflame is a highly promising company with a proven technology and substantial backlog for their bio waste-based coal replacement fuel solution. Coupled with a truly global potential, strong shareholder base and Management/Board, the Company is confident that Arbaflame will be able to execute on its substantial growth plans in a profitable manner.

The Company is currently evaluating several other interesting investment opportunities within relevant sectors and expect to announce new investment(s) within a relatively short time frame. Given the improved balance sheet following the reconstruction, the Company has the capacity to undertake further investments without raising capital.

Activities in the Company’s legacy Ocean Bottom Node (OBN) operations as well as the Data Library (DL) business continued during the quarter. In line with our asset light business model, the Company divested its seismic source vessel together with related seismic equipment. For the previously announced OBN project in the North Sea, we chartered a state-of-the-art source vessel which started mobilization at the end of the quarter. The survey was subsequently completed without incidents, on schedule and on budget, further confirming the viability of our project-based and asset-light approach.

Going forward, the Company will continue to refine its low fixed-cost strategy. Over time, OBN acquisition contracts and DL late sales are expected to generate revenues to finance the Company’s new investment strategy.

The seismic market remains challenging as the effects of the COVID-19 pandemic persist. We see limited remaining OBN contract opportunities for this year but at the same time we see an increased demand for seismic projects to be undertaken in 2022. As a consequence, we have reverted to a low-cost mode while maintaining our tendering and project planning capabilities. In parallel, we are evaluating strategic alternatives for this business. In the multi-client segment, we see continued interest in the Utsira OBN data survey. There are several ongoing discussions with potential clients and a positive outlook for late sales in the second half of 2021,” says Ronny Bøhn, CEO of Carbon Transition.

EVENTS DURING THE QUARTER

- Approval of reconstruction proposal and issuance of USD 17.4 million equity private placement

- Sale of vessel “Neptune Naiad” and associated equipment
- Election of new board of directors
- Mobilization of North Sea project

SUBSEQUENT EVENTS

- Change of Company name to Carbon Transition ASA and ticker symbol to CARBN
- Announcement of new strategic direction
- First investment made under new strategy - NOK 30m convertible note in (Arbaflame AS)
- NOK 20 million repair offering substantially oversubscribed
- North Sea project successfully completed on time and on budget

KEY FINANCIALS IFRS REPORTING

USD thousands					
Profit and loss	Q2 2021	Q2 2020	YTD Q2 2021	YTD Q2 2020	Full Year 2020
Revenue	432	12 586	1 198	57 733	92 790
Cost of sales	(714)	(8 627)	(1 392)	(39 537)	(52 313)
EBITDA (loss)	(2 494)	2 315	(4 106)	15 055	33 399
EBIT (loss)	(8 902)	782	(13 623)	11 970	5 845
Net profit (loss)	15 038	(4 988)	8 467	1 960	(3 133)
Basic earnings (loss) per weighted average shares (in USD)	0.35	(0.85)	0.35	0.33	(0.05)
Financial position					
Total assets			50 439	95 248	54 452
Total liabilities			15 257	98 004	62 305
Total equity			35 182	(2 756)	(7 852)
Equity ratio			69.8 %	(2.9 %)	(14.4 %)
Cash flow					
Net cash flow from operating activities	(8 565)	(4 027)	(8 771)	4 514	18 863

KEY FINANCIALS SEGMENT REPORTING

USD thousands	Q2 2021	Q2 2020	YTD Q2 2021	YTD Q2 2020	Full Year 2020
Revenue	432	12 586	1 198	58 531	66 184
EBITDA (loss)	(2 508)	2 259	(4 180)	15 741	6 319
Amortization and impairment MCL	(1 828)	(503)	(3 656)	(503)	(4 159)
EBIT (loss)	(8 903)	782	(13 627)	12 265	(3 550)
Net booked value MCL			32 512	40 134	36 168
Total equity			35 182	6 790	(7 845)
Equity ratio			69.8 %	8.6 %	(14.4 %)

OUTLOOK

In line with the Company's new strategy, management is currently evaluating a number of potential investments in the "energy transition" area, and we expect to announce additional transactions in due time.

For the seismic business line, the Company has active dialogues with several oil companies related to the Utsira multi-client library and expect this to have a positive effect on late sales in the second half of 2021. The data processing of the Gulf of Suez multi-client library is expected to be completed in Q3 2021, with marketing efforts to follow.

The seismic contract market remains challenging, and we see limited remaining OBN contract opportunities for the remainder of this year. However, we do see an increased demand for seismic projects to be undertaken in 2022. In the meantime, the Company will be focused on keeping costs related to this business segment at a minimum, whilst continuously assessing the future of the OBN contract business. The Company is evaluating strategic alternatives.

GOING CONCERN

The financial statement for Q2 2021 is based on the assumption of going concern.

The Company completed the court protected reconstruction in June 2021 with associated payments to creditors and conversion of debt to shares. In addition, the Company completed the equity private placement of NOK 144.5 million and the subsequent equity repair offering of NOK 20 million.

The board of directors and management believe that the restructuring provides the Company with sufficient working capital for continued operation.

OPERATIONAL HIGHLIGHTS

Project crews transitioned from "smart stack" mode to full mobilization for the North Sea ROV-based OBN project late in the quarter for a 1 July start. ROV and source vessels were secured and placed under contract along with nodal equipment through the quarter.

OPERATIONS

Mobilization was efficiently completed at the end of the quarter with the crew, vessels and equipment on site on schedule despite ongoing logistical challenges related to the COVID-19 pandemic. Previously set for a 1 June start, scheduling for this project was moved by one month during the mobilization phase at the client's request. The Company's flexible structure and asset light model allowed us to accommodate the clients request without impact to either party.

COVID-19 continued to be an ongoing challenge to operations and forced a last-minute change to the mobilization port, putting the resourcefulness of the team to the test. Our comprehensive COVID-19 mitigations were reviewed and implemented throughout the mobilization process. Rapid tests were available in mobilization locations, with all personnel and attending contractors and third parties tested each time they boarded vessels, enabling our vessels and field operations to remain COVID-19 free and the mobilization involving multiple subcontract companies to be successfully completed.

As part of the Company's restructuring processes and "asset light" strategy, the Company owned source vessel Neptune Naiad was divested during the quarter.

HSE PERFORMANCE

No incidents were recorded in the period, continuing our zero-incident record from the prior year. A successful and incident free mobilization was completed despite the challenges presented by the pandemic. We have now surpassed 2.55 million manhours without a Lost Time Incident.

BOARD OF DIRECTOR'S FINANCIAL REVIEW

The financial review is prepared according to the IFRS accounting principles. Following the application of the IFRS 15 accounting standard for revenues, multi-client pre-funding revenues are not recognized under percentage of completion ("PoC") method. Instead, all such revenues are recognized at delivery of the final processed data, which is considerably later than the acquisition of the seismic data. The segment reporting (used for management purposes) in note 1 Revenue, note 2 Segment Reporting, note 3 Multi-client library, and note 8 EBITDA, shows the deviation from IFRS.

REVENUE

Revenue for the second quarter of 2021 was USD 432 thousand compared to USD 12.6 million for the second quarter of 2020. The revenue in Q2 2021 is primarily related to COVID-19 compensation from the Norwegian government whereas the revenue in Q2 2020 was related to contract work in Egypt.

OPERATIONAL COST

Cost of sales (COS) in the second quarter of 2021 was USD 714 thousand compared to USD 8.6 million in the second quarter of 2020. COS for Q2 2021 was mainly associated with Neptune Naiad warm-stack. Mobilization related to the North Sea project has been capitalized with USD 1.9 million. USD 8.6 million COS for Q2 2020 was related to operations in Egypt.

Personnel expenses and other operating expenses in the second quarter of 2021 amounted to USD 2.2 million, compared to USD 1.6 million in the second quarter of 2020. Advisers used for the reconstruction in Q2 2021 amounted to USD 0.7 million and severance settlement amounted to USD 0.5 million.

DEPRECIATION OF TANGIBLE ASSETS

Depreciation was USD 1.0 million during the second quarter of 2021 compared to depreciation of USD 1.5 million in the second quarter of 2020. There were no investments made in the second quarter of 2021 or 2020. During June 2021, the vessel Neptune Naiad was sold with a net loss of USD 3.5 million.

AMORTIZATION OF INTANGIBLE ASSETS

According to IFRS, multi-client surveys are not amortized until the data is ready for sale. The data processing of the multi-client 3D OBN Utsira survey was completed in Q3 2020, which initiated a linear

amortization over 4 years. The straight-line amortization of the Utsira Data Library (DL) was USD 1.8 million for the second quarter of 2021.

IMPAIRMENT

No impairment charges have been made in the second quarter of 2021 for the node handling systems or seismic equipment. There has not been any impairment of the Utsira multi-client survey or the multi-client survey in Egypt in the quarter.

EBITDA AND EBIT

The EBITDA was USD -2.5 million in the second quarter of 2021 compared to EBITDA of USD 2.3 million in the second quarter of 2020. The decrease in EBITDA is due to lack of project activity during the quarter compared to full project operations during Q2 2020.

EBIT (operating profit) was USD -8.9 million in the second quarter of 2021 compared to EBIT of USD 0.8 million during the same period in 2020. The decrease in EBIT relates to the same factor as the decrease in EBITDA described above, in addition to a net loss of USD 3.5 million related to the sale of the vessel Neptune Naiad.

FINANCIAL ITEMS

Net financial income was USD 23.3 million during the second quarter of 2021 compared to net financial expense of USD 1.5 million in the second quarter of 2020. The increase is mainly related to the court protected reconstruction becoming legally binding in June. As a part of the reconstruction, creditors were paid cash dividends or debt was converted to equity. These transactions resulted in a net gain of USD 24.6 million. The financial expense for Q2 2020 was interest on liabilities and currency loss.

INCOME TAX (EXPENSE)

The corporate income tax in Norway is 22% in 2021. Income tax for the second quarter of 2021 amounted to USD 0.7 million compared to income tax expense of USD 4.3 million for the same period in 2020. Both periods are mainly related to taxes in Egypt.

The Company has no deferred tax assets booked as of 30 June 2021.

PROFIT FOR THE PERIOD

The Company had a profit of USD 15.0 million for the second quarter of 2021 compared to a loss of USD 5.0 million for the second quarter of 2020.

FINANCIAL POSITION AND CASH FLOW

As of 30 June 2021, the Company had total assets of USD 50.4 million, compared to total assets of USD 95.2 million as of 30 June 2020.

Total non-current assets decreased from USD 72.5 million in Q2 2020 to USD 37.1 million in Q2 2021. This is attributed to the net decrease in multi-client library of USD 25.6 million and a decrease of USD 9.8 million in fixed assets which include the sale of vessel Neptune Naiad.

Total current assets decreased from USD 22.7 million in Q2 2020 to USD 13.3 million in Q2 2021. The decrease is driven by trade receivables reduced by 3.4 million to zero, other current asset reduced by 11.6 million offsets by increase in cash by 5.6 million. Cash balance was USD 8.6 million as of 30 June 2021.

The Group's equity was USD 35.2 million at the end of Q2 2021 versus negative of USD 2.8 million as of 30 June 2020 due to the finalization of the reconstruction process and the private placement during the quarter. The equity ratio is 69.8% as of 30 June 2021 compared to negative -2.9% in the same period in 2020.

Total non-current liabilities decreased from USD 3.3 million as of June 2020 to zero as of June 2021 due to the finalization of the reconstruction process.

Total current liabilities decreased from USD 94.7 million as of 30 June 2020 to USD 15.3 million as of 30 June 2021. All loans related to the bond loan and unsecured loan agreements were settled in the reconstruction. The Eksportkreditt loan was settled as part of the sale of the vessel Neptune Naiad. Additionally, trade payables were reduced by USD 35.5 million mainly due to the settlement of the reconstruction. In addition, a contract liability related to pre-funding revenue for the Utsira survey was recognized as revenue in 2020, leading to a decrease of current liabilities of USD 25.2 million. Other current liabilities decreased by USD 10.7 million in 2021. Other current liabilities include project related accruals, taxes and VAT and the promissory loan note in favor of TGS of USD 6.1 million per 30 June 2021.

Cash outflow from operating activities in the second quarter of 2021 was negative USD 8.6 million compared to negative USD 4.0 million at the end of the same period in 2020.

Cash outflow from investing activities in the second quarter of 2021 was zero, compared to USD 10.6 million invested in multi-client Egypt in the second quarter 2020.

Cash inflow from financing activities in second quarter of 2021 was USD 12.8 million compared to positive USD 8.5 million in the same period in 2020. The impact from the new equity during the quarter of USD 15.5 million was offset by repayment of debt to Eksportkreditt and TGS by USD 2.3 million. Cash inflow from financing activities for the same period of 2020 is mainly from net proceeds of interest-bearing debt by USD 9.4 million offset by interest and repayment of the debt of USD 1.0.

FINANCIAL STATEMENTS

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Carbon Transition Group						
USD thousands	Note	Q2 2021	Q2 2020	YTD Q2 2021	YTD Q2 2020	Full year 2020
Revenue	1/2	432	12 586	1 198	57 733	92 790
Cost of sales	2	(714)	(8 627)	(1 392)	(39 537)	(52 313)
Personnel expenses	2	(1 205)	(820)	(1 819)	(1 390)	(3 388)
Other operating expenses	2	(1 006)	(824)	(2 094)	(1 752)	(3 691)
Amortization & impairment multi-client & goodwill		(1 828)	-	(3 656)	-	(21 620)
Depreciation & impairment		(4 580)	(1 533)	(5 860)	(3 085)	(5 934)
Operating profit (loss) (EBIT)		(8 902)	782	(13 623)	11 970	5 845
Restructuring		24 648	-	24 648	-	-
Financial income		0	0	0	0	3 848
Financial expenses		(770)	(694)	(2 543)	(1 148)	(5 315)
Currency exchange gain (loss)		(608)	(771)	(616)	1 065	(424)
Profit (loss) before tax		14 368	(684)	7 866	11 886	3 953
Income tax (expense)		670	(4 304)	600	(9 926)	(7 086)
Profit (loss) for the period		15 038	(4 988)	8 467	1 960	(3 133)
Currency translation adjustments		-	-	-	-	-
Other comprehensive income (loss) for the period		-	-	-	-	-
Total comprehensive income (loss) for the period		15 038	(4 988)	8 467	1 960	(3 133)
Earnings (loss) per share						
Basic earnings per share		0.35	(0.85)	0.35	0.33	(0.53)
Diluted earnings per share		0.35	(0.85)	0.35	0.33	(0.53)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Carbon Transition Group				
USD thousands	Note	30.06.2021	30.06.2020	31.12.2020
Assets				
Non-current assets				
Multi-client library	3	32 512	58 098	36 168
Property, plant and equipment		4 592	14 413	11 794
Total non-current assets		37 105	72 512	47 963
Current assets				
Inventories		414	388	85
Trade receivables		-	3 418	-
Other current assets		4 313	15 952	531
Bank deposits, cash in hand		8 608	2 979	5 873
Total current assets		13 334	22 736	6 490
Total assets		50 439	95 248	54 452
USD thousands	Note	30.06.2021	30.06.2020	31.12.2020
Equity and Liabilities				
Equity				
Share capital and other paid in capital	4	73 859	50 171	39 293
Other reserves		(38 677)	(52 928)	(47 145)
Total equity		35 182	(2 756)	(7 852)
Non-current liabilities				
Interest bearing debt		-	3 257	17 417
Total non-current liabilities		-	3 257	17 417
Current liabilities				
Interest bearing debt current		-	8 046	16 562
Trade payables		1 618	37 068	12 251
Contract liabilities		-	25 247	-
Other current liabilities		13 639	24 387	16 075
Total current liabilities		15 257	94 748	44 887
Total liabilities		15 257	98 004	62 305
Total equity and liabilities		50 439	95 248	54 452

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Carbon Transition Group

USD thousands	Share capital	Additional paid-in capital	Accumulated earnings	Other equity/ Share based programme	Total equity
Balance as of 01.01.2021	840	38 453	(47 546)	400	(7 852)
Profit (loss) for the period	-	-	8 467	-	8 467
Other comprehensive income (loss)	-	-	-	-	-
New shares issued - cash settled	17 356	-	-	-	17 356
Cost for new shares issued	-	(1 809)	-	-	(1 809)
Capital increase - debt conversion to fair value	5 099	13 920	-	-	19 019
Share based payment	-	-	-	1	1
Balance as of 30.06.2021	23 295	50 564	(39 079)	402	35 182

USD thousands	Share capital	Additional paid-in capital	Accumulated earnings	Other equity/ Share based programme	Total equity
Balance as of 01.01.2020	11 718	38 453	(55 291)	397	(4 723)
Profit (loss) for the period	-	-	1 960	-	1 960
Other comprehensive income (loss)	-	-	-	-	-
Share based payment	-	-	-	6	6
Balance as of 30.06.2020	11 718	38 453	(53 331)	403	(2 756)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOW

Carbon Transition Group						
USD thousands	Note	Q2 2021	Q2 2020	YTD Q2 2021	YTD Q2 2020	Full Year 2020
Cash flow from operating activities						
Profit (loss) before tax		14 368	(684)	7 866	11 886	3 953
Taxes paid		(28)	(456)	(28)	(1 816)	(2 116)
Depreciation and amortization	3	6 408	1 533	9 516	3 085	27 554
Currency (gain)/loss without cash flow effects		4	686	(66)	(1 240)	(81)
Interest expense		404	670	1 673	1 103	3 995
Share based payment cost		0	6	1	6	3
Reconstruction payments		(5 077)	-	(5 077)	-	-
Change in trade receivables		-	6 433	-	8 873	12 291
Change in trade payables		(6 742)	(11 478)	(5 208)	(4 578)	(29 396)
Change in inventories		(328)	1 178	(328)	374	676
Change in other current assets		(3 697)	(167)	(3 781)	(1 536)	13 884
Change in contract liabilities		-	-	-	2 518	(22 729)
Other working capital changes		(13 879)	(1 748)	(13 340)	(14 161)	10 827
Net cash from operating activities		(8 565)	(4 027)	(8 771)	4 514	18 863
Cash flow from investing activities						
Investment in property, plant and equipment		-	246	-	219	(62)
Disposal of property, plant and equipment		-	-	-	-	204
Investment in multi-client library	3	-	(10 886)	-	(10 886)	(10 576)
Net cash flow from investment activities		-	(10 639)	-	(10 666)	(10 434)
Cash flow from financing activities						
Net proceeds from interest bearing debt		-	9 413	-	9 413	-
Repayment of interest bearing debt		(2 295)	(237)	(2 295)	(517)	(1 440)
Payment of lease liabilities (recognized under IFRS 16)		(15)	(53)	(73)	(106)	(220)
Net proceeds from new equity	4	15 547	-	15 547	-	-
Interest paid lease liabilities		(0)	(3)	(1)	(6)	(10)
Interest paid		(404)	(661)	(1 672)	(1 087)	(2 321)
Net cash flow from financial activities		12 833	8 459	11 506	7 697	(3 991)
Net change in cash and cash equivalents		4 268	(6 207)	2 735	1 544	4 438
Cash and cash equivalents balance 01.04/01.01		4 340	9 186	5 873	1 435	1 435
Cash and cash equivalents balance 30.06/31.12		8 608	2 979	8 608	2 979	5 873

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 REVENUE

USD thousands Q2 2021/Q2 2020	Segment reporting		IFRS reporting	
	Q2 2021	Q2 2020	Q2 2021	Q2 2020
Operating Revenue				
Contract revenue	35	12 586	35	12 586
Multi-client pre-funding revenue	-	-	-	-
Multi-client late sales	-	-	-	-
Other revenue	397	-	397	-
Total revenue	432	12 586	432	12 586

USD thousands YTD Q2 2021/YTD Q2 2020	Segment reporting		IFRS reporting	
	YTD Q2 2021	YTD Q2 2020	YTD Q2 2021	YTD Q2 2020
Operating Revenue				
Contract revenue	35	57 733	35	57 733
Multi-client pre-funding revenue	-	798	-	-
Multi-client late sales	-	-	-	-
Other revenue	1 163	-	1 163	-
Total revenue	1 198	58 532	1 198	57 733

NOTE 2 SEGMENT REPORTING

USD thousands Q2 2021/2020	Segment reporting				Adjustments		IFRS reporting	
	Multi-client		Contract		Q2 2021	Q2 2020	Q2 2021	Q2 2020
	Q2 2021	Q2 2020	Q2 2021	Q2 2020				
Income statement								
Total revenue	-	-	432	12 586	-	-	432	12 586
Total cost of sales	(13)	445	(701)	(9 072)	-	-	(714)	(8 627)
Personnel expenses	-	-	(1 205)	(820)	-	-	(1 205)	(820)
Other operating expenses	-	-	(1 021)	(880)	15	56	(1 006)	(824)
Total Operating Expenses	(13)	445	(2 927)	(10 772)	15	56	(2 926)	(10 271)
Operating profit (loss) before depreciation and amortization (EBITDA)	(13)	445	(2 495)	1 814	15	56	(2 494)	2 315
Depreciation & Amortization	(1 828)	-	(4 567)	(1 477)	(14)	(56)	(6 408)	(1 533)
Operating profit (loss) (EBIT) Segment	(1 841)	445	(7 062)	336	1	0	(8 902)	782
USD thousands YTD 2021/2020								
Income statement								
Total revenue	-	798	1 198	57 733	-	(798)	1 198	57 733
Total cost of sales	(186)	(2 153)	(1 206)	(37 383)	-	-	(1 392)	(39 537)
Personnel expenses	-	-	(1 819)	(1 390)	-	-	(1 819)	(1 390)
Other operating expenses	-	-	(2 168)	(1 864)	74	112	(2 094)	(1 752)
Total Operating Expenses	(186)	(2 153)	(5 193)	(40 638)	74	112	(5 304)	(42 679)
Operating profit (loss) before depreciation and amortization (EBITDA)	(186)	(1 355)	(3 995)	17 096	74	(686)	(4 106)	15 055
Depreciation & Amortization	(3 656)	(503)	(5 791)	(2 973)	(69)	391	(9 516)	(3 085)
Operating profit (loss) (EBIT) Segment	(3 842)	(1 858)	(9 786)	14 123	5	(295)	(13 623)	11 970

NOTE 3 MULTI-CLIENT LIBRARY

USD thousands	Segment reporting			IFRS reporting		
	30.06.2021	30.06.2020	31.12.2020	30.06.2021	30.06.2020	31.12.2020
Cost as of 01.01	92 881	82 306	82 306	92 881	82 306	82 306
Capitalized costs	-	10 886	10 576	-	10 886	10 576
Cost as of 30.06/31.12	92 881	93 191	92 881	92 881	93 191	92 881
Accumulated amortization and impairment as of 01.01	(56 713)	(52 554)	(52 554)	(56 713)	(35 093)	(35 093)
Amortization for the period	(3 656)	(503)	(4 159)	(3 656)	-	(3 656)
Impairment for the period	-	-	-	-	-	(17 964)
Accumulated amortization and impairment as of 30.06/31.12	(60 369)	(53 057)	(56 713)	(60 369)	(35 093)	(56 713)
Carrying value at 01.01	36 168	29 752	29 752	36 168	47 213	47 213
Carrying value at 30.06/31.12	32 512	40 134	36 168	32 512	58 098	36 168

According to IFRS, multi-client surveys are not amortized until the data is ready for sale. The data processing of the multi-client 3D OBN Utsira survey was completed in Q3 2020, which initiated a linear amortization over 4 years.

The multi-client survey in Egypt is still not processed and ready for sale.

NOTE 4 SHAREHOLDERS

The Company's share capital per 30.06.21 include the following:

	Number of shares	Par Value per share	NOK
Ordinary shares (one share = one vote)	192 822 048	1.00	192 822 048

Largest shareholders per 30 June 2021:

Name	Number of shares	Ownership share
1 INVESTERINGSFONDET VIKING AS	28 000 000	14.52%
2 MIDDELBORG INVEST AS	12 000 000	6.22%
3 SPAREBANK 1 MARKETS AS	10 150 000	5.26%
4 TIGERSTADEN AS	10 000 000	5.19%
5 ALDEN AS	10 000 000	5.19%
6 BECK ASSET MANAGEMENT AS	8 000 000	4.15%
7 F2 FUNDS AS	8 000 000	4.15%
8 URTIVEN AS	8 000 000	4.15%
9 NORUS HOLDING DATTER AS	5 000 000	2.59%
10 REDBACK AS	5 000 000	2.59%
11 Q CAPITAL AS	5 000 000	2.59%
12 PHILIP HOLDING AS	4 750 000	2.46%
13 GINNY INVEST AS	4 750 000	2.46%
14 F1 FUNDS AS	4 500 000	2.33%
15 Skandinaviska Enskilda Banken AB	4 000 000	2.07%
16 AXXIS GEO SOLUTIONS ASA	3 207 949	1.66%
17 LIVERMORE INVEST AS	3 000 000	1.56%
18 NORDNET LIVSFORSIKRING AS	2 913 629	1.51%
19 EMGANI AS	2 520 000	1.31%
20 PENTAGON FREIGHT SERVICES AS	2 454 393	1.27%
Total	141 245 971	73.25%
Total other shareholders	51 576 077	26.75%
Total number of shares	192 822 048	100.00%

A split of the shares 10:1 was performed 9 August 2021 and included in the tables above.

NOTE 5 RECONSTRUCTION

Equity and Liabilities	Balance 31.03.2021	Unrelated period movements	Cash Payments	Gain on Debt Forgiveness	Equity Conversion	Gain on equity conversion	Capital Increase	Balance 30.06.2021
Equity								
Share capital and other paid in capital	39 293	0			25 495	-6 476	15 547	73 859
Other reserves	-53 716	-9 609	-	18 172		6 476		-38 677
Total equity	-14 423	-9 609	-	18 172	25 495	-	15 547	35 182
Current liabilities								
Interest bearing debt current	34 892	42	-2 888	-13 029	-19 017			-
Trade payables	13 785	-1 202	-908	-4 612	-5 446			1 618
Contract liabilities	-		-		-			-
Other current liabilities	15 642	776	-1 215	-532	-1 032			13 639
Total current liabilities	64 319	-384	-5 011	-18 172	-25 495			15 257
Total liabilities	64 319	-384	-5 011	-18 172	-25 495	-	-	15 257
Total equity and liabilities	49 896	-9 993	-5 011		-	-	15 547	50 439
Gain from reconstruction in income statement				18 172		6 476		24 648

As a part of the reconstruction, creditors were paid cash dividends or debt was converted to equity. The gain of USD 18.2 million is from the creditors with cash dividends where the remaining amount was booked as gain on debt forgiveness. The other gain of USD 6.5 million is from creditors with debt converted to equity and afterwards fair value adjustment to the share price the day the debt was converted. Both these transactions resulted in a total net gain of USD 24.6 million in the statement of comprehensive income.

NOTE 6 GENERAL INFORMATION

Carbon Transition ASA (CT or the Company) is a public company listed on Euronext Expand Oslo and traded under the ticker CARBN. The address of its registered office is Strandveien 50, 1366 Lysaker, Norway. For more information, please see www.axxisgeo.com

NOTE 7 BASIS FOR PREPARATION

The interim consolidated financial statements of CT have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting as approved by EU and additional requirements in the Norwegian Securities Trading Act. The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with CT's annual report for 2020 which is available at www.axxisgeo.com. The same accounting policies and methods of computation are followed in the interim financial statements as in the annual financial statements for 2021, except for the adoption of new standards effective as of 1 January 2021.

The notes are an integral part of the consolidated financial statements.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. The financial statements of the subsidiaries have been prepared for the same reporting year as the Company, using consistent accounting policies.

The consolidated financial statements are presented in thousands of USD.

Presentation and functional currency

The Group presents its consolidated financial reports in USD. For presentation in consolidated accounts, the monetary assets and liabilities have been converted and translated into USD at the rate of exchange prevailing at the reporting date each quarter and historical value has been used for all other balance sheet items. The statement of comprehensive income is converted and translated into USD at the average exchange rate for each quarter, except for depreciation and amortization at historical values. Exchange rate differences arising from the translation to presentation currency are recognized in Other Comprehensive Income.

Going concern

The financial statement for Q2 2021 is based on the assumption of going concern.

The Company completed the court protected reconstruction in June 2021 with associated payments to creditors and conversion of debt to shares. In addition, the Company completed the equity private placement of NOK 144.5 million and the subsequent equity repair offering of NOK 20 million.

The board of directors and management believe that the restructuring provides the Company with sufficient working capital for continued operation.

NOTE 8 CHANGES IN ACCOUNTING STANDARDS

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the second time in 2021, but do not have an impact on the Company's interim condensed consolidated financial statements.

NOTE 9 SUBSEQUENT EVENTS

7 July the company announces change of strategy and change of name to Carbon Transition ASA. The new ticker is "CARBN".

The board of directors' view is that the recent restructuring process, in which new owners have gained control over the Company and substantially improved the Company's financial situation, represents a unique opportunity to capitalize on it, and create a company with good growth prospects. The board of directors has chosen to follow a strategy which entails creating a sustainable and diversified company with focus on the future, in which the Company will no longer operate as a pure play seismic company as it has been operating historically. The board of directors has thus resolved that the Company promptly shall be transformed to a listed investment company with a focus towards companies and technologies engaged in the "energy transition" area, which contribute to significant reductions of carbon emissions. The Company may also invest more broadly in the "energy transition" space. To reflect the strategic change the board of directors will change the Company's business name to Carbon Transition ASA ("Carbon Transition").

NOTE 10 DEFINITION OF APM (ALTERNATIVE PERFORMANCE MEASURES)

The European Securities and Markets Authority ("ESMA") issued guidelines on Alternative Performance Measures ("APMs") that came into force on 3 July 2016. The Company has defined and explained the purpose of the APMs in the paragraphs below.

The alternative performance measures presented by CT may be determined or calculated differently by other companies.

EBITDA

EBITDA means earnings before interest, taxes, amortization, depreciation, and impairments. CT uses EBITDA because it is useful when evaluating operating profitability as it excludes amortization, depreciation and impairments related to investments that occurred in the past. Also, the measure is useful when comparing the Company's performance to other companies.

USD thousands	Segment reporting		IFRS reporting	
	Q2 2021	Q2 2020	Q2 2021	Q2 2020
Profit (loss) for the period	15 034	(4 972)	15 038	(4 988)
Income tax (expense)	670	(4 304)	670	(4 304)
Net financial items	23 267	(1 449)	23 270	(1 466)
Depreciation & impairment PPE	(4 567)	(974)	(4 580)	(1 533)
Amortization & impairment of multi-client and goodwill	(1 828)	(503)	(1 828)	-
Operating profit (loss) before depreciation and amortization (EBITDA)	(2 508)	2 259	(2 494)	2 315

USD thousands	Segment reporting		IFRS reporting	
	YTD Q2 2021	YTD Q2 2020	YTD Q2 2021	YTD Q2 2020
Profit (loss) for the period	8 460	2 259	8 467	1 960
Income tax (expense)	600	(9 926)	600	(9 926)
Net financial items	21 487	(80)	21 489	(84)
Depreciation & impairment PPE	(5 791)	(2 973)	(5 860)	(3 085)
Amortization & impairment of multi-client and goodwill	(3 656)	(503)	(3 656)	-
Operating profit (loss) before depreciation and amortization (EBITDA)	(4 180)	15 741	(4 106)	15 055

USD thousands	Segment reporting		IFRS reporting	
	Full Year 2021	Full Year 2020	Full Year 2021	Full Year 2020
Profit (loss) for the period		(12 373)		(3 133)
Income tax (expense)		(7 086)		(7 086)
Net financial items		(1 737)		(1 891)
Depreciation & impairment PPE		(5 711)		(5 934)
Amortization & impairment of multi-client and goodwill		(4 159)		(21 620)
Operating profit (loss) before depreciation and amortization (EBITDA)	-	6 319	-	33 399

For full overview of Segment vs IFRS see note 2 Segment Reporting.

The segment reporting is based on the accounting principles used in the internal reporting and deviates from IFRS. In the segment reporting, multi-client pre-funding revenues are recognized based on the percentage of completion method, compared to delivery of processed data according to IFRS. In the segment reporting, there is amortization for the multi-client library equal to percentage of recognized revenue according to budget, while the financial statements are based on a principle where amortization begins when the library is completed.

EBIT (Operating Profit)

Earnings before interest and tax is an important measure for CT as it provides an indication of the profitability of the operating activities. The EBIT margin presented is defined as EBIT (Operating Profit) divided by net revenues.

Multi-client prefunding percentage

The multi-client prefunding percentage is calculated by dividing the multi-client prefunding revenues, as per segment reporting, by the operational investments in the multi-client library, excluding investments related to projects where payments to the vendors are contingent on sales (risk-sharing investments). The multi-client prefunding percentage is considered an important measure as it indicates how the Company's financial risk is reduced by multi-client investments.

Backlog

Backlog is defined as the total value of future segment revenue on signed customer contracts, letter of awards or where all major contracts terms are agreed. CT believes that the backlog figure is a useful measure in that it provides an indication of the amount of customer backlog and committed activity in the coming periods.

Lysaker, 25 August 2021

The Board of Directors and CEO of Carbon Transition ASA

Gisle Grønlie
Chairman

Nina Skage
Director

Torstein Sannes
Director

Ronny Bøhn
CEO

Responsibility statement

We confirm that, to the best of our knowledge, the condensed set of interim financial statements for period of 1 January to 30 June 2021, which has been prepared in accordance with IAS 34 Interim Financial reporting gives a true and fair view of the Company's consolidated assets, liabilities, financial position and result of operations, and that the period of 1 January to 30 June 2021 interim report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Lysaker, 25 August 2021

The Board of Directors and CEO of Carbon Transition ASA

Gisle Grønlie
Chairman

Nina Skage
Director

Torstein Sannes
Director

Ronny Bøhn
CEO

About Carbon Transition

Carbon Transition ASA ("CT") is an investment company listed on EURONEXT EXPAND OSLO. CT has a focus towards investing in companies and technologies engaged in the "energy transition" area, which contribute to significant reductions of carbon emissions. CT may also invest more broadly in the "energy transition" space. CT has a legacy OBN seismic business operating under the name Axxis Geo Solutions, with both a node-technology seismic contract business, and a multiclient library. This business unit is categorized as an investment, and revenues generated from this business unit may be invested in the "energy transition" area.

More information on www.axxisgeo.com

The information included herein contains certain forward-looking statements that address activities, events or developments that the Company expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company, which are beyond its control and are subject to certain additional risks and uncertainties. The Company is subject to a large number of risk factors including but not limited to the demand for seismic services, the demand for data from our multi-client data library, the attractiveness of our technology, unpredictable changes in governmental regulations affecting our markets and extreme weather conditions. For a further description of other relevant risk factors, we refer to our Annual Report for 2020. As a result of these and other risk factors, actual events and our actual results may differ materially from those indicated in or implied by such forward-looking statements. The reservation is also made that inaccuracies or mistakes may occur in the information given above about current status of the Company or its business. Any reliance on the information above is at the risk of the reader, and CT disclaims any and all liability in this respect.

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